25X1A9a CLASSIFICATION
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CENTRAL INTELLIC CIA-RDP82-00457R0018000 REPORT NO. INFORMATION 25X1A2q

COUNTRY

SUBJECT

Proposed Austrian

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 16 October 1916 from the central intelligence to the of Turbines from Ustarchivist of the United States Next Review Date: 2008

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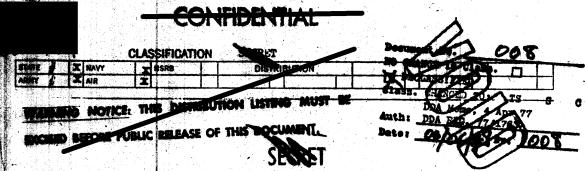
SUPPLEMENT TO REPORT NO.

The following report has been extracted from a letter dated 2 June 1948 written y nationalized "Oesterreichische Elektrizitaetswirtschafts AG", Vienne I, Ma Hof 2. the Austrian Ministry of Trade. The letter recapitulates negotiations carried on tween Stawear (Steirische Was erkräft und Elektriziteets 15) and the USIA-controllmachine factory, J. M. Voith, St. Poelten, concerning purchase of turbines. A request is then made to the Ministry of Trade to subsidize this purchase from government for is

The Austrian Ministry of Trude is said to be willing to approve the encoursed trans. Tion in principle but intends to settle certain technical details with Director General Anger of Stewerg.

TRANSIATION

- In order to implement plans for the reconstruction of the Dionyser power cleat which had been dismantled by Russian forces in 1945, Stewar, on 29 November 134, whose on grder with the USIA-controlled plant of J. W. Volth, St. Toolten, for delicem of its Raplan turbines of a capacity of 7550 HI each. The price of three turbines with the 904,300 schillings and Stewean made a down-payment of 100,000 schillings to Units S January 1947. In May 1947, however, Voith notified Stewess that they misted to a me sel the contract, and that concensation rather than payment in schillings was desir
- After negotiations between the Austrian Covernment and USIA on the general outset delivery of turbines as well as direct negotiations between Street and Voith, on po sibilities of compensation had led to no results, Stewesk addressed itself to the Federal Ministry of Trade. Upon instruction from the Minister, the followers come sation deal was proposed, which takes into account a proposal by Wolth to the effect of 1,200,000 schillings plus \$110,000 in prospensation goods rould be required as be much for the turbines: 600 tons "loto" (paper for newspapers), purchased at the orice of 3,000 chillings per ton from the USIA-controlled Obermuchi plant, is to be cold to the firm Avga with offices in Milan and Vianna VI, Linke Wiennette 36, for excor to South America. This paper could be sold in USA for \$190 per ton, and the dollars earned thraile that transaction could be used for purchase of compensation modes for Worth Since, however, the price demanded for this paper by Obermuchl is higher than the value of the paper by world market standards, Steweng would suffer a loss of 600,000 sch Hings through the transaction. Steweag, in view of the import now of delivery of turid as for the Austrian economy, requested the Ministery of Trade to bear the deficit and area 25X1A Themse out of government funds.



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- In subsequent negotiations between Arga and Voith, agreement was reached in principle subject to concurrence from the Ministry of Trade, that delivery of compensation goods would take place in three equal installments, the first to be paid when the final contract is signed with Voith, the second in September 1948, and the third when the turbines are ready to leave the Voith plant, probably in February 1949. It was agreed also that Arga would be charged with procurement of the full \$110,000 worth of compensation goods, and that Arga would make an effort to purchase export goods from USIA at reasonable prices. Compensation goods will be purchased by Arga on the basis of world market prices; types of goods desired are to be indicated by Voith in the form of a list to be sent to Arga. For the services, Arga will be paid a commission of 5% in schillings.
- 4. The following steps to be taken in this transaction are submitted to the "inistry of Trade for approval:
 - a. Formal conclusion of an agreement between Stewear and Voith, whereby Steweag agrees to purchase through Arga compensation goods on the basis of world market prices in the value of \$110,000.
 - b. Formal conclusion of an agreement between Steweag and Arga.
 - c. Formal assurance by the Ministry of Trade that the deficit incurred by Steweag through purchase of export goods from USIA will be borne by the Austrian Government.

END OF TRANSLATION